

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4291-04  
Bill No.: Perfected SS for SCS for SB 467  
Subject: Federal-State Relations; State Departments  
Type: Original  
Date: January 23, 2012

---

Bill Summary: This proposal requires agencies that receive federal grants to track and disclose the usage of the funds and the Governor to report withholdings.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
All State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Section 33.087 Reporting Federal Grants on MAP**

Officials at the **Office of Administration** assume that a consolidated approach would be the most cost effective manner of reporting and that this information be accumulated and reported on the Missouri Accountability Portal (MAP). This approach would establish a new MAP database table into which agencies will either interface data or perform maintenance online. With this method, a new tab and web pages would be added to MAP to display the data by selecting a state agency or “all”. The fiscal note does not specify whether only active grants should be reported or if closed grants should be retained for historical reporting purposes. If historical data is needed, selection criteria should be added to choose active, closed, or “all” grants. The data would also be made available in the MAP download section.

The time estimates below are based on four assumptions

1. Data will be collected and reported on the Missouri Accountability Portal.
2. The statement “...an accounting of how the transferred funds were used” does not imply that detail payment information to vendors is needed.
3. Development and installation of a state-wide grant reporting tool is not required.
4. Agencies will submit their own estimates for any staffing needed to collect and record the grant information in MAP.

Time Estimate: Create new database, online update windows, and working with agencies that choose to interface the information to MAP from their legacy systems.

120 work hours programming

28 work hours testing

Create new MAP tab, web pages, and download

80 work hours programming

32 work hours testing

It is estimated that the total cost would be \$22,100 (\$85 per hr \* 260 hrs) for IT consultants. It is assumed the cost could be absorbed unless the cumulative fiscal impact of legislation would require the request for additional funding.

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

JH:LR:OD

ASSUMPTION (continued)

Officials at **Budget and Planning, Department of Agriculture, Department of Corrections, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Revenue** and the **Department of Social Services** defer to the Office of Administration for the fiscal impact.

Officials at **Alcohol and Tobacco Control Division, Capitol Police, Division of Fire Safety, Joint Committee on Administrative Rules, Missouri Gaming Commission, Missouri Highway Patrol, Office of Prosecution Services, Office of the State Auditor, Office of State Courts Administrator, Office of the State Public Defender** and the **Office of State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Governor** assume no added cost to the Governor's Office as a result of this proposal.

Officials at the **Missouri Department of Transportation** assume the cost to prepare this information is unknown, but probably would not be significant, given the amount of reporting connected to the federal funds MoDOT receives that the department already is required to prepare and submit.

The bill states that all costs in administering the legislation shall be paid from the grant of federal funds received by the state agency, and shall not be paid by any amount of state funds appropriated to any agency. Most federal funds are intended to be expended for specific purposes. This legislation would put MoDOT out of compliance with federal regulations regarding supplanting if passed. Federal requirements do not allow for federal grant funds to pay for (a) replacing routine and/or existing State or local expenditures with the use of Federal grant funds and/or (b) using Federal grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of State, local governments.

Officials at the **Department of Conservation** assume an unknown impact which is expected to be less than \$100,000 annually.

Officials at the **Missouri Veterans Commission** assume an unknown impact.

ASSUMPTION (continued)

In response to the previous version of this proposal, officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Office of the Secretary of State** assume some federal grants do not allow the payment of administrative costs from grant funds. Those that do allow such use of grant funds would either require a modification to the grant or a portion would have to be set aside when applying for grants to cover the cost of reporting expenses as required by this proposal.

**Oversight** assumes the agencies would be able to absorb any potential costs associated with this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Section 37.850 Bonds reported on MAP

**Oversight** assumes that the Office of Administration could absorb the cost of posting the bond information from political subdivisions on the Missouri Accountability Portal with existing resources.

**Oversight** assumes the institutions of higher education and political subdivisions would be able to absorb any potential costs associated with this proposal.

ASSUMPTION (continued)

**Section 536.087 Legal Expenses and Fees**

In response to similar legislation filed this year, SB 604 the following responded:

Officials at the **Alcohol & Tobacco Control, Capitol Police, Department of Agriculture, Department of Conservation, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Revenue, Fire Safety, Missouri Department of Transportation, Missouri Gaming Commission, Missouri Highway Patrol, Office of State Courts Administrator, Office of Prosecution Services, Office of the Secretary of State, Office of the State Auditor, Office of the State Public Defender, Office of State Treasurer** and the **State Emergency Management Agency** assume that there is no fiscal impact from this proposal.

Officials at the **Budget and Planning(BAP)** assume this proposal prohibits state agencies from requesting and the General Assembly appropriating additional funds to satisfy fees and expenses awarded by courts in agency proceedings. The amounts of any award must be provided to the chairs of the house budget committee and senate appropriations committee within thirty days of the final judgment.

BAP assumes the intent of this proposal is to require agencies to pay fees and expenses awarded under this statute from existing or core appropriations. There could be a significant fiscal impact due to the department's uncertainty of the legal process and the amount of fees and expenses that may occur, and at what point during the fiscal year. Numerous awards, or a large single award, could result in a substantial statewide impact. If no additional funds are appropriated, an agency's core budget could be insufficient to prevent the court award from being paid or would substantially deplete the core appropriation to prevent the agency from performing its statutory functions.

Officials at the **Department of Mental Health (DMH)** assume there appears to be a potential for significant fiscal impacts to the department in light of the uncertainties of the legal process and litigation based upon unique facts. Courts could potentially impose monetary or other sanctions if the department is unable to obtain appropriations to satisfy a judgment, if one should be made. Additionally, under the proposed language, the chairs of the house budget committee and the senate budget committee may be sought or included as parties to attorney's fees cases filed under Section 536.087. The future number of court cases brought against the department is unknown; therefore, the amount of "reasonable fees and expenses" that the department may be required to pay is unknown. DMH estimates a fiscal cost of unknown.

ASSUMPTION (continued)

Officials at the **Office of Administration** defers to BAP for fiscal impact.

Officials at the **Department of Economic Development** assume an unknown negative impact.

Officials at the **Missouri Veterans Commission** assume an unknown impact.

**Oversight** assumes for the simplicity of the fiscal note, that various state funds could be affected by this proposal so Oversight will show the cost as being to All State Funds.

**Oversight** assumes that it is unclear if legal expenses would be paid in any particular fiscal year so Oversight will show the impact as zero to Unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
---	---------------------	---------	---------

**ALL STATE FUNDS**

Cost - Various State Agencies legal expenses and fees	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)
--	----------------------------	----------------------------	----------------------------

<b>ESTIMATED NET EFFECT ON ALL STATE FUNDS</b>	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>
--	---	---	---

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
---	---------------------	---------	---------

	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
--	-------------------	-------------------	-------------------

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

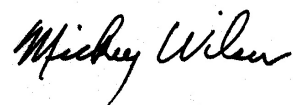
The proposed legislation appears to have fiscal impact regarding the legal expenses and fees.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

JH:LR:OD

SOURCES OF INFORMATION

Alcohol and Tobacco Control  
Budget and Planning  
Capitol Police  
Department of Agriculture  
Department of Conservation  
Department of Corrections  
Department of Economic Development  
Department of Economic Development  
Department of Health and Senior Services  
Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Revenue  
Department of Social Services  
Division of Fire Safety  
Joint Committee on Administrative Rules  
Missouri Department of Transportation  
Missouri Gaming Commission  
Missouri Highway Patrol  
Missouri Veterans Commission  
Office of Administration  
Office of Attorney General  
Office of the Governor  
Office of Prosecution Services  
Office of the Secretary of State  
Office of the State Auditor  
Office of State Courts Administrator  
Office of the State Public Defender  
Office of State Treasurer





L.R. No. 4291-04  
Bill No. Perfected SS for SCS for SB 467  
Page 9 of 9  
January 23, 2012

Mickey Wilson, CPA  
Director  
January 23, 2012

JH:LR:OD